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OFFICE OF THE
ATTORNEY GENERAL
NATURAL RESOURCES &
ENVIRONMENT SECTION

February 8, 2001

Susan Nachtrieb
Colorado Department of Public Health and the Environment
4300 Cherry Creek Drive South
Denver, CO 80246

Re: Rico Mine
Delores River Water Quality Assessment

Dear Susan:

Consistent with our previous discussion, ARCO Environmental Remediation, LLC (ARCO) will fund the Delores River Water Quality Assessment previously described in a Scope of Work to be done under the direction of the State of Colorado Water Quality Control Division (WQCD). Enclosed with this letter is a check in the amount of \$12,000 as a contribution from ARCO Environmental Remediation, LLC (ARCO) toward completion of the water quality assessment. ARCO understands the assessment will be performed by the Department's contractor according to the terms of the attached Scope of Work. In the event the cost of the assessment is less than the donation amount, it is understood that the remainder will be remitted to ARCO.

As noted in the Scope of Work, I will be ARCO's contact for this project. ARCO and its consultant, CH2M Hill, have assembled data relevant to the assessment and look forward to the opportunity to meet with the Department and its contractor to discuss the data and scope of the project analysis. Please contact me directly at 406-563-5211, ext. 413, to schedule a time which is convenient for all for the kickoff discussion.

ARCO looks forward to working cooperatively with the Department in completion of the assessment.

Sincerely,

Chuck Stilwell, P.E.
Environmental Manager

Enclosure

cc: ✓ Tony Trumbly, Colorado AG (w/enclosure)
Robin Bullock - ARCO (w/enclosure)
Alan Au - ARCO (w/enclosure)
William Duffy - DGS (w/enclosure)

FABL CONTACT:

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COLORADO CONTACTS:

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ARCO Contacts:

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PERIOD OF PERFORMANCE: Effective date of contract through September 30, 2002.

SUBJECT: Technical Support for the ARCO Water Quality Assessment Development for the State of Colorado.

BACKGROUND:

The Permits Unit of the Water Quality Control Division (WQCD) develops and issues Colorado Discharge Permit System discharge permits, as provided by the Colorado Water Quality Control Act. FABL Environmental Regulatory Specialists, Inc., has supported the WQCD by developing water quality assessments (WQAs) for 16 facilities in the State of Colorado.

Point source discharges occur to waters of the State of Colorado from property in Delores County near the Rico Mine. CPDS Permit No. CO-029793 authorizing discharges to waters of

the State was issued to Rico Development Corporation as permittee. The permit was effective February 1, 1994 and expired January 31, 1999. The Hazardous Materials and Waste Management Division have identified the discharges as sources of concern. Based on agreements currently being established with the Hazardous Materials and Waste Management Division, treated discharges to waters of the State may occur from a new treatment facility. The WQA will review the rationale and basis for discharge limits set forth in the expired permit for application to a new treatment facility.

ARCO is a former owner of the Rico Mine property. ARCO is not a current owner of property, nor an operator of the former permitted treatment system from which the discharge to state waters originates. ARCO without admission of its liability therefor is contributing funding for the WQA, and reviewing treatment options which may be appropriate to control discharges to state waters from the property in Delores County.

Prior to selecting a specific treatment or discharge scenario, the level of treatment necessary to meet technology or water quality-based effluent limits (WQBELs) must be determined. To determine the appropriate WQBELs, potential assimilative capacities for the receiving waters based on potential discharge scenarios must be determined through the performance of a WQA.

SCOPE OF WORK:

The work to be performed under this project involves conducting a WQA to determine assimilative capacities available to a new treatment facility, and providing a written WQA with appropriate documentation.

The development of the WQA will consist of using the best available information to determine the assimilative capacities of the receiving stream(s) for possible discharge scenarios for the treatment facility. The WQA will be based on the ambient water quality data and water quantity in a given stream segment. The WQA will consist of 5 sections: Introduction, Water Quality, Water Quantity, Technical Analysis, and Antidegradation Review.

- The Introduction Section identifies the location of the facility and lists any additional facilities that affect the assimilative capacities for the discharger.
- The Water Quality Section identifies the stream segment and classifications, and discusses the applicable ambient water quality data.
- The Water Quantity Section consists of a low flow analysis.
- The Technical Analysis Section analyzes the Pollutants of Concern (POC) which will be provided by the State of Colorado. In this section, the assimilative capacity of the stream for each of the POCs is determined using a mass balance calculation or the Colorado Ammonia Model when appropriate.
- The Antidegradation Review Section determines the assimilative capacity of the stream for each of the POCs based on Colorado's Antidegradation Policy.

The WQA preparation shall be consistent with State of Colorado regulations and guidance, including The Basic Standards and Methodologies for Surface Water (5 CCR 1002-31, and

Colorado Discharge Permit System Regulations (April 30, 1999) and/or other applicable guidance. The draft WQA portion of the permit will also conform to the State of Colorado's style and formatting practices.

FABL will provide qualified staff to perform the work and a Project Manager to oversee all project activities including the following:

- Participate in a kickoff discussion for the project with the State and ARCO, with follow up conference calls as needed, to identify useful information to obtain from ARCO.
- Participate in discussions and weekly update meetings, as needed, with the State of Colorado.
- Prepare and submit a draft WQA and appropriate documentation to the State according to instructions provided by the State.
- Submit a revised WQA to the State based on feedback on the draft WQA.

Based on the draft WQA, it is expected that a CDPS permit may be prepared by the State to authorize point source discharges to waters of the State from the Delores County property. The State has not identified a permittee to hold the permit. In support of CDPS permit issuance, FABL will:

- Provide support in preparing responses to comments or questions from ARCO and the public on the WQA portion of the permit.
- Submit the final WQA and appropriate documentation to the State according to instructions provided by the State.

TECHNICAL DIRECTION:

All tasks conducted under this project shall be coordinated through Susan Nachtrieb or her designee, or Mark Walker or his designee. FABL will not communicate with or receive technical direction from ARCO. All requests and technical direction from ARCO must come through the State or be requested in conjunction with and with concurrence from the State contacts specified above.

PROJECT SPECIFICATIONS:

FABL, ARCO and the State will participate in a kickoff discussion and conference calls, as needed, to identify useful information to obtain from ARCO. At a minimum, the following information must be identified prior to beginning the WQA:

- A list of potential pollutants of concern.
- Maps (or some description) of the potential discharge locations. Descriptions of the potential discharge points including latitude and longitude of the discharge point where it enters the receiving stream.
- Identification of the name of the potential receiving stream(s) or unnamed tributaries to receiving streams.

- Copies of any in-stream water quality data that the facility may have, including data that ARCO may have collected for the Division of Minerals and Geology (DMG) hydrology reports. If these data are in electronic form, the electronic data would be preferable.
- A list of other known nearby discharges.
- Copies of any data from the intake of the water supply if such is applicable and appropriate.

FABL will also participate in weekly conference calls, as needed, to provide an update to the State on the status of the draft WQA package.

Based on the best information available at the time of the WQA preparation, FABL will prepare a draft WQA package for a new treatment facility that covers the various possible discharge scenarios identified in the assessment. This WQA will be complete and technically valid and will be consistent with State of Colorado guidance.

FABL will deliver the draft WQA in electronic copy to the State contacts for review and comment. The State shall share the draft WQA with ARCO for review and comment. FABL will also provide electronic copies of information used in the development of the WQA, as well as technical assumptions and justifications as needed.

Comments from State contacts, which shall consider ARCO's comments, will be incorporated into the draft WQA and a revised WQA will be submitted in electronic copy.

Ultimately, the revised WQA may be used as part of the issuance of a CDPS permit. Where such is the case, FABL will provide support in preparing responses to comments or questions from ARCO and the public on the WQA portion of the permit.

DELIVERABLES:

Deliverables provided by FABL will include the draft WQA, revisions to the WQA, and documentation used in the development of the WQA as appropriate. All deliverables will be provided in electronic format.

By September 30, 2002, or upon issuance of a CDPS permit, FABL will provide the State with a disk copy of all materials.

ESTIMATED LEVEL OF EFFORT:

The estimated Level of Effort required to complete this project is 200 hours.

TRAVEL:

No travel is expected as part of this scope of work.

HANDLING OF DATA AND DOCUMENTS:

FABL will not release any data or information provided or generated under this scope of work to outside sources.